

BURLINGTON-EDISON SCHOOL DISTRICT No. 100
Skagit County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Findings

1. The District Should Improve Controls Over Associated Student Body (ASB) Fundraisers And Report Inventory And Revenue Shortages To The State Auditor's Office

During the course of our audit, we again identified weaknesses in the district's ASB fundraiser controls, as follows:

- We noted a lack of documentation to support accountability over fundraiser activity.
- The physical security of fundraiser inventories was inadequate.
- Reconciliations of cash received to expected revenue were not being performed in a timely manner for fundraising activities.
- Unexplained inventory and revenue shortages noted in fundraiser operations were not reported to the State Auditor's Office in a timely manner.

The *Revised Code of Washington* (RCW) 43.09.200 states:

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

The Superintendent of Public Instruction (SPI) *Accounting Manual For School Districts* at Chapter III, Section G-1, page 4 states in part:

Access to resources and records should be limited to authorized individuals, and accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison should be made of the authorized access to systems with the current assignments of the individuals.

The SPI's *Accounting Manual For School Districts* at Chapter III, Section G-1, page 3 states in part:

Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be purposeful and useful to district management in controlling and/or analyzing operations

RCW 43.09.185 states:

State agencies and local governments shall immediately report to the state auditor's office known or suspected loss of public funds or assets or other illegal activity.

The district had initiated new procedures for improving ASB's fundraiser controls. However, due to a lack of enforcement by existing staff, the procedures were not applied in a timely manner.

The district withheld funds from responsible staff for a portion of fundraiser inventory and revenue shortages upon notice of the employee's resignation. Management considered the issue to be resolved and did not feel that notification to the State Auditor's Office was necessary.

As a result of the weaknesses cited above, errors and irregularities could occur and not be detected in a timely manner, if at all. When management fails to report employee illegal acts or suspected losses of public funds, the illegal act or possible loss of funds may not be stopped in a timely manner. Further, the full extent of the loss may not be discovered.

We again recommend the district work to strengthen their internal controls, and perform reconciliations of expected revenues to actual cash received in a timely manner. We also recommend the district contact the State Auditor's Office when unexplained shortages of inventories or cash are noted.